

NSA BRIEFING

27 August 1958

## TAIWAN STRAITS

I. Chinese Communist operations in Taiwan Straits area moved into new phase with opening of artillery bombardment of Quemoy.

A. Chicom fired more than 20,000 rounds 23 Aug (greatest previously recorded was about 10,000 in 1954), lesser amounts every day since (around 8,000).

1. Damage minor except for first day, when Chinat Hq on Quemoy heavily shelled, deputy commander killed, Chief of Staff wounded.
2. Nationalists fired more than 3,600 rounds in return first day, and 8,000 following day, results undetermined.

25X1 3. [ ] Chicom harassment fire now almost continuous, aimed at specific military targets such as air strip and artillery positions.

B. Communist PT-boats sank one Nationalist LST, damaged another 35 miles east of Quemoy. Nationalists claim 2 PT-boats sunk.

1. Also claim to have driven off "invasion fleet" headed for Tungting Island.

C. In air, Chicom have for first time strafed offshore islands. Only small numbers of aircraft used, however, and these attacks appear to be probes for US and Chinat reaction.

1. Both sides continue fighter patrols in great strength.

Nationalists claim 2 MIGs shot down 25 August.

State Department review completed

**2. Chinats pleased with performance their pilots.**

**D. On 26 August Chiang Kai-shek told Ambassador Drumright he believed Communists had adopted tactic of "creeping interdiction" of Quemoy, said if present actions continued islands would soon be cut off.**

**1. Chiang emphasized danger that continued interdiction would cause sharp drop in morale of defending forces, making seizure of islands "no problem."**

**2. In short run [redacted] morale holding up well under shelling.**

**II. Meanwhile Chicom build-up continues.**

**A. In addition to five air fields previously occupied, we believe Huiian now occupied by jet fighters. (This makes 7 regiments of about 200 MIG-17s.)**



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**III. Movement of Chicom naval units into Santa Bay just north of the Matsus continues.**

**A. At least 6 probable motor torpedo boats plus 4 auxiliaries now concentrated there, with at least one additional auxiliary enroute.**

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**V. These preparations are out of proportion to the Nationalist "provocations" claimed by Peiping Radio. We think the Communists intend to do more than simply to prevent Chinat air operations over the mainland, but we do not know how far they intend to go.**

**A. Chicom foreign minister Chen Yi said extemporaneously at a Rumanian reception on 22 August, "The Americans have challenged us and we will challenge them...we shall take the Offshore Islands."**

**B. So far, however, Peiping broadcasts have portrayed the Chinese Communists as taking a defensive position, engaging only in limited "retaliatory" action.**

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1. Chicom have not informed mainland populace of Secretary Dulles' 23 August warning on Quemoy and Matsu.
2. Unlike the shelling of Quemoy in 1954, no "victory" meetings or demonstrations to "liberate" Taiwan have thus far been reported in the propaganda.

VI. Intelligence Community agreed yesterday on National Estimate directed at Straits situation. Relevant conclusions are:

- A. Principle purpose of increased Chicom military pressure is to test US and Chinat intentions concerning offshore islands.
  1. Chicom probably also hope attract world attention, with aim of forcing Peiping's participation in summit conference or in UN, <sup>arrest</sup> ~~swift~~ any drift toward acceptance of "two Chinas" concept, erode Nationalist morale.
- B. Chicom probably will not attempt seize Taiwan or Pescadores in next six months.
- C. Although might wish sudden attack on Matsus or Quemoy, more likely will not do so in immediate future, for fear of US intervention. We expect instead that Chicom will probably increase military pressure against offshore islands by such means as artillery bombardments, aggressive air and naval action including overflights of Taiwan itself, seizure of smaller islands (Tungting, Wuchiu's, etc.), interdiction of supply lines.
  1. Nationalist and US reaction to these moves would probably determine whether Chicom would attempt seizure of Quemoy and Matsus.

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D. Chicom will probably not be deterred from increasing pressure by anything less than explicit guarantee of offshore islands by US. Must recognize that Communist air force probably in Straits area to stay.

E. Chinats will not move unilaterally against mainland by anything short of sustained bombardment of islands, or determined effort to interdict supply. Should Chicom take these steps, chances better than ever<sup>NU</sup> that Chinats would move against mainland regardless of US attitude.

VII. In any case, must repeat statement of last week that operations against offshore islands could be undertaken by Chinese without further intelligence warning.

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